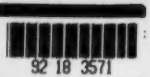

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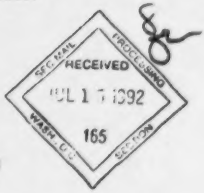
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



FORM 10-Q

AMERICAN BIODYNAMICS INC.
(Exact name of registrant as specified in its charter)

British Columbia *(State or other Jurisdiction of Incorporation or Organization)*	**76-0177314** *(I.R.S. Employer Identification No.)*
10500 University Center Drive, Suite 130 Tampa, Florida *(Address of Principal Executive Offices)*	**33612** *(Zip Code)*

PROCESSED BY
JUL 17 1992

Registrant's telephone number, including area code: **(813) 979-0016**

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, without par value *(Title of Class)*	NASDAQ *(Name of Each Exchange on Which Registered)*

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

As of July 14, 1992, there were outstanding 7,406,196 shares of Biodynamics International, Inc. Common Stock, par value $.01. See Notes to Financial Statements, Note 4.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN BIODYNAMICS INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET

	May 31, 1992 (unaudited)	November 30, 1991 (audited)
ASSETS		
Current Assets		
Cash and equivalents	$1,336,618	$191,701
Accounts receivable	780,052	579,779
Inventories	504,981	376,456
Other current assets	74,190	21,545
	2,695,841	1,169,481
Fixed Assets		
Office furniture & equipment	169,471	141,003
Leasehold improvements	24,588	23,877
Less accumulated depreciation	(117,924)	(109,932)
	76,135	54,948
Other assets		
Investment in joint venture	98,794	157,816
Non compete Agreement, less accumulated amortization	317,662	---
Other assets	80,472	16,800
	496,928	174,616
TOTAL ASSETS	$3,268,904	$1,399,045
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	521,438	609,919
Obligation under non compete, c/p	76,875	---
	598,313	609,919
Other liabilities		
Obligation under non-compete- n/c	245,592	---
Restricted stock	---	44,871
Shareholders' Equity		
Common stock, no par, authorized 20,000,000 shares 7,402,196 shares and 6,542,504 shares issued at May 31, 1992 and November 30, 1991, respectively	6,127,916	4,810,095
Less Treasury stock, 1,050 shares at cost	(432)	(432)
Additional contributed capital	696,049	696,049
Foreign currency translation gains	18,980	17,203
Retained earnings	(4,417,514)	(4,778,660)
	2,424,999	744,255
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$3,268,904	$1,399,045

See accompanying notes to consolidated financial statements.

AMERICAN BIODYNAMICS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS

	Six Months ended May 31,		Three Months Ended May 31,	
	1992	1991	1992	1991
INCOME				
Product sales	$2,898,153	$1,905,779	$1,790,432	$1,232,473
Cost of sales	1,507,559	1,013,631	919,451	624,833
Gross margin	1,390,594	892,148	870,981	607,640
COSTS AND EXPENSES				
General and administrative	477,129	424,012	284,669	279,792
Research and development	----	5,332	----	5,332
Sales and marketing	407,833	251,770	245,619	137,634
Depreciation and amortization	44,830	18,164	26,104	10,302
Amortization of debt cost		40,301	---	31,751
	929,792	739,579	556,392	464,811
Operating income	460,802	152,569	314,589	142,829
Equity in (loss of) joint venture	(96,718)	(70,540)	(67,558)	(50,305)
Other income	3,297	3,972	1,800	3,269
Income(loss) from operations before income tax and extraordinary items	367,381	86,001	248,831	95,793
Income taxes	(124,910)	(53,846)	(84,603)	(32,570)
Income before extraordinary item	242,471	32,155	164,228	63,223
Extraordinary item: tax benefit of net operating loss carryforward	118,665	53,846	80,373	32,570
	$361,136	$86,001	$244,601	$95,793
Weighted Average common shares outstanding	6,762,135	6,601,299	6,762,135	6,461,148
Income per share before extraordinary item	0.036	0.005	0.024	0.010
Net income per common share – extraordinary item	0.018	0.008	0.012	0.005
	0.054	0.013	0.036	0.015

AMERICAN BIODYNAMICS INC AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	May 31, 1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$361,136	$86,001
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	44,830	18,164
Amorization of debt cost and stock premium	---	40,301
Equity in loss of joint venture	96,718	70,540
Stock issue for services	7,401	2,400
Changes in assets and liabilities:		
Accounts receivable	(200,273)	17,645
Inventories	(128,525)	(91,068)
Prepaid expenses and other current assets	(52,645)	(79,289)
Accounts payable and accrued expenses	(88,481)	(35,787)
Foreign currency translation adjustments	(1,717)	(665)
Net cash provided by operating activities	38,444	28,242
Cash flows from investing activities		
Purchases of plant, property and equipment	(53,056)	(19,354)
Proceeds from sale of equipment	----	2,303
Additions to intangible assets	(50,101)	---
Contributions to joint venture	(37,696)	(30,697)
Net cash used in investing activities	(140,853)	(47,748)
Cash flows from financing activities		
Payments under non-compete agreement	(25,624)	(55,712)
Proceeds from stock option exercise	223,950	70,000
Issuance of stock in private placement	1,049,000	---
Net cash provided by financing activities	1,247,326	14,288
Net increase in cash and cash equivalents	1,144,917	(5,218)
Cash and Cash Equivalents at beginning of period	191,701	119,297
Cash and Cash Equivalents end of period	$1,336,618	$114,079
Supplemental cash flow disclosures – interest paid	---	$6,483
Supplemental schedule of noncash investing and financing activities:		
Obligation under Non-compete Agreement	$354,500	---

'MERICAN BIODYNAMICS AND SUBSIDIARY
NOTES TO CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
MAY 31, 1992

1. American Biodynamics Inc. and its wholly-owned subsidiary, Biodynamics Inc. ("the Company"), engaged in the business of distributing medical transplantation products, is the exclusive distributor of products to the United States from a German manufacturer.

2. In the opinion of management, the accompanying unaudited consolidated financial statements of American Biodynamics Inc. and subsidiary, and the unaudited consolidated results of operations and cash flows for the periods ended May 31, 1992 and May 31, 1991, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis. Such interim financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended November 30, 1991.

3. Joint Venture. In November 1990, the Company entered into a joint venture with Texas Medical Products, a subsidiary of Surgimedics, Inc. to form Advanced Haemotechnologies, in which it has a 50% interest in profits and losses, after giving effect to special allocations of deduction or loss attributable to its capital contributions

Condensed unaudited financial information for the Joint Venture at May 31, 1992, is as follows:

Assets	
Current Assets	$194,928
Equipment, net	484,935
Other assets	55,052
Total Assets	$734,885
Liabilities and Partners' Equity	
Accounts payable	$75,753
Installment notes payable	13,708
Partners' Equity	645,424
Total Liabilities and Partners Equity	$734,885

4. Subsequent Event. On May 29, 1992, at the Annual Shareholders Meeting of American Biodynamics Inc. ("ABI"), shareholders approved resolutions to change the domicile of the Company from British Columbia, Canada to Florida. This change was effected on June 3, 1992, by the merger of American Biodynamics Inc. into its wholly-owned subsidiary, Biodynamics Industries, Inc., chartered in Tampa, Florida. With the the redomicile and merger, the name of the Company was changed to Biodynamics International, Inc ("BII"). At that effective time, the common stock of ABI, with no par value, was converted to the common stock of BII, $.01 par value.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

Operating results for the three months and six months ended May 31, 1992

Tissue sales for the three months ended May 31, 1992 were $1,790,432, an increase of 45% from the comparable prior year period of $1,232,473. Sales of $2,898,153 for the six months period reflected an increase of 52% over the prior year's sales for the same period of $1,905,779. Increased sales are due in part to the market expansion of bone graft products introduced in the second quarter of 1991. Gross margins have remained relatively stable, with margins of 48% and 47% for the comparative 1992 and 1991 periods, respectively. Sales were slightly hampered by back ordered product, with back orders totalling $434,000 at May 31, 1992.

Costs and expenses were $929,792 for the six months period ended May 31, 1992, increased 26% from the prior year's comparable period. For the quarter ending May 31, 1992, expenses increased 20%, up to $556,392 in 1992 as compared to $464,811 in 1991. General and administrative expenses for the second quarter ended May 31, 1992, were $284,669 increased 2% from the prior year's comparative period expenses of $279,792, and increased 16% for the six months period, with G & A expenses for the six months ended May 31, 1992 and 1991 at $477,129 and $424,012, respectively. Sales and Marketing expenses increased by 78% for the quarter, and 62% for the six months period. This significant increase is directly attributed to additional staffing in product management and new product development, combined with additional spending for product literature and product samples for testing.

Capital Expenditures and Liquidity

Through the first six months of 1992, operating activities provided cash of $38,444, with cash and cash equivalents at the end of the period increased $1,144,917. $53,056 was used in equipment purchases, with payments to the joint venture of $37,696, additions to intangible assets of $50,101, and $25,624 used to reduce debt. The comparable prior year period provided cash of $28,242 from operating activities, with $19,354 used in equipment purchases, and contributions of $30,697 to the joint venture. Debt was reduced by $55,712, and the Company received $70,000 in proceeds from the exercise of stock options.

From December, 1991 to May, 1992, employees exercised stock options for 347,500 shares of common stock, with proceeds to the Company totalling $223,950.

During February 1992, the Company completed a private placement of 160,000 shares of restricted common stock and 80,000 stock purchase warrants for a total of $300,000. The warrants expire on January 25, 1995, with an escalating price which ranges from $2.75 to $3.75 per share. The Company reserved a first right of refusal for 12 months on any proposed share sale. The shares carry piggyback registration rights after one year. If the warrants are exercised, the underlying shares carry piggyback registration rights. The warrants may be called by the Company at an exercise price of $2.75 per warrant if the trading value of the Company's common stock is $5.50 for 30 consecutive trading days.

On March 31, 1992, the Company completed a private placement of restricted common stock, with proceeds totalling $800,000. The investor group of four investment funds received 320,000 restricted common shares and 160,000 common stock purchase warrants. The stock purchase warrants have a four year life with a price starting at $6.60 per share, increasing each year.

In November 1990, the Company entered into a joint venture with Texas Medical Products, a subsidiary of Surgimedics, Inc. to form Advanced Haemotechnologies, in which it has a 50% interest in profits and losses, after giving effect to special allocations of deductions and losses attributable to its capital contributions.

Condensed unaudited financial information for the Joint Venture at May 31, 1992, is set out below.

Assets	
Current Assets	$194,928
Equipment, net	484,935
Other assets	55,052
Total Assets	$734,885
Liabilities and Partners' Equity	
Accounts payable	$75,753
Installment notes payable	13,708
Joint Venturers' Equity	645,424
Total Liabilities and Partners Equity	$734,885

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On January 8, 1992, the Company reached a settlement of all outstanding litigation matters with Weldon S. Guest. Under the terms of the final settlement, Guest relinquished fully his claims regarding royalties purportedly due him under a royalty agreement and monies under a terminated employment agreement. Concurrently, Guest and the Company entered into a noncompete agreement prohibiting Guest from competing with the Company in the allograft tissue market for the length of the payment period. Further, he will not participate in the marketing or selling of any autotransfusion device for a period of one year. Additionally, Guest agreed to a standstill agreement prohibiting interference with the operations of the Company or its management for the payment period. The Company has the option to prepay in three years, and benefit from a $47,000 reduction in its obligation. A total of $45,000 was paid at closing against the total amounts owed and was expensed. The amount of the asset with the corresponding liability has been recorded as a Non-Compete Agreement, and is being amortized over the four-year life of the asset.

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders.
Proxy statement for American Biodynamics Inc. filed April 20, 1992, is herein incorporated by reference.

Item 5. Other Information.
None.

Item 6. Exhibits and Reports on Form 8-K.

1. Other events, filed on January 20, 1992.
2. Other events, filed on February 10, 1992.
3. Other events, filed on April 20, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 13, 1992

American Biodynamics Inc.

John P. Hargis
President,
Chief Executive Officer

Marsha S. Brun
Controller